

2003 Accomplishments

APPA Safety Award presented

Western once again earned recognition from the American Public Power Association for its safe operating practices at the association's annual Engineering and Operations Technical Conference in April 2003. Western placed second among utilities with 2 million to 4 million worker hours to earn the association's 2002 Electric Utility Safety Award.

Automated time and attendance system

Western successfully completed the transition to a new time and attendance system. The function was outsourced to the Defense Finance and Accounting System on Sept. 7, 2003 as part of a governmentwide program to consolidate time-keeping systems across agencies. The previous system was inactivated and Western timekeepers and supervisors successfully launched the new system. Employees can now use DOE's Employee Self Service tool for online access to their biweekly Leave and Earning Statements.

BMXi Initiatives Project completed

Western achieved a complex upgrade of its financial and maintenance management systems in FY 2003 under the BMXi Initiatives Project. Launched in 2002, this project improved data accuracy and integrity and audit and reconciliation tasks and ensured Western would keep pace with the vendor's supported software versions. During this project, Western's financial and IT community managed the upgrades to the Oracle Federal Financials version 10.7 to version 11i. This was the most complex upgrade to Western's finan-

cial system since the November 1998 conversion from Western's Financial Management System to Oracle. Release 11i offers improved security, new forms, new and improved reports and specific improvements within such modules as general ledger and accounts payable. The project also upgraded Western's Maintenance Management system to Maximo 4.1.1.

Bismarck warehouse completed

UGP employees and spouses celebrated the opening of the new Bismarck warehouse and maintenance facility at an open house on Dec. 11, 2002. The facility replaces two obsolete 50-year-old buildings that contractors moved to a location south of Bismarck in July. The old buildings didn't meet today's building electrical and fire codes, and they sustained damage from several floods over the years. The new building sits four feet higher than grade to prevent flooding, meets the latest building codes and features a much-needed safe loading dock. The facility provides offices for more than 20 workers including warehouse and property staff, line crews, electricians, meter and relay craftworkers, communications groups and the North Dakota Maintenance safety specialist.

Bonus Goals reached

In July, Western employees reached the target goals for safety, reliability and cost containment in Western's annual Bonus Goal program. Program year 2003 is the second time in the program's history that we've achieved all our goals.

Corps of Engineers developed Customer Funding Agreements

Western began working with the Corps of Engineers and the Western States Power Corporation, a customer group in FY 2003 to develop a customer funding agreement. The contractual documents will consist of an umbrella agreement between Western, the Corps, and Western States that outlines the customer funding arrangements that would apply to a Corps project. A separate Big Bend Project Agreement is also being developed for the first customer funded construction activity for the Corps under these arrangements. The project consists of a rewind of the Big Bend Units No. 4 and Unit No. 6.

COTP anniversary marked

Western commemorated the 10th anniversary of the California-Oregon Transmission Project at a June 5, 2003 ceremony at Western's Tracy, Calif., Substation. The 340-mile electricity pipeline in California, which Western and its customers built, allows power sales to take place between the Pacific Northwest and California. During the project, part of Western's existing 230-kV transmission system from Redding, Calif., south to Tracy was upgraded to 500-kV. Crews constructed new 500-kV lines from Redding to the Oregon border, and from Tracy to Tesla. Two-and-a-half years later, power began flowing between the Captain Jack and Tracy substations. At the event, Western also dedicated the new KT2A 500-230-kV transformer at Tracy Substation, which was added to address overloads to the existing transformer due to load growth. It was energized in May 2002.

Governor's Challenge Award granted

Western received the Governor's Challenge award in November 2002 for exhibiting a high level of environmental compliance, proactivity and leadership. The state of Colorado recognized Western for achievements in pollution prevention, waste minimization, green energy programs and fish recovery efforts, as outlined in the EPA's Environmental Performance Track.

Hoover Dam Bypass Project built

Western staff joined with the U.S. Bureau of Reclamation, Federal Highway Administration, National Park Service and the states of Arizona and Nevada on a project to build a new bridge across the Colorado River, bypassing the highway that spans the crest of Hoover Dam. Phase one of Western's work, which was completed in May 2003, made room for the new bridge and the highway approach by making several changes to the existing transmission system and reconfiguring connections to two generators on the Hoover Dam powerhouse roof. Phase two of Western's work involves removing the Arizona and Nevada Switchyard and building a new double circuit transmission line from Mead Substation to the Hoover Dam vicinity. Construction on Phase 2 was completed in June 2004.

Human Capital Planning Award earned from DOE

Western received DOE's 2003 HEROS Award on June 2 in Las Vegas, Nev., for developing a model Human Capital Plan that will help ensure Western's continued viability as a premiere Federal power marketing administration. To advance the plan's seven initiatives in FY 2003, Human Capital team members developed a strategic workforce planning program to address mid- and long-range staffing and recruitment programs; formed a recruiting council to develop a short-range plan for staffing and retention initiatives; created a new 12-month "Emerging Leaders Program" to better prepare non-supervisory employees for supervisory positions; crafted an automated exit interview program to track why employees leave Western and revised Western's current employee hire survey program; created a Human Capital Training program to educate supervisors on using current pay and retention flexibilities; conducted employee focus groups on pay issues and administered a motivational survey.

Management Succession Program participants graduated

Twenty-seven managers and supervisors graduated from Western's first Management Succession Program in February 2003. The three-year program included individually designed activities supplemented by periodic group training sessions. The program will ensure organizational continuity by developing well-qualified and competent employees ready to successfully compete for key managerial and executive launched level positions.

MISO market initiative submitted

Western's Upper Great Plains Region submitted its registration on Aug. 14, 2003, to participate in the energy market operated by the Midwest Independent System Operator, or MISO. The Midwest ISO's role is to ensure equal access to the transmission system and to maintain or improve electric system reliability in the Midwest. Registering will allow Western's merchant staff to continue to serve firm power customers within the MISO territory.

Monitoring devices installed to verify safe operating limits

Under a collaborative agreement, Western and Sacramento Municipal Utility District crews installed monitoring devices last spring on Western transmission lines between the Elverta and Hurley substations in California to check temperatures and power flows. The data collected will verify the transmission line sag limitation and safe operating limits, providing information on how system operators could get the most from existing transmission lines and increase deliveries. The analysis lasted until Spring 2004. Western provided the labor to install the equipment and take line sag readings and the use of our transmission lines.

OASIS sites consolidate

Western awarded a three-year contract on June 23, 2003, to Open Access Technology, Inc., to consolidate transmission marketing managed by

Western's Rocky Mountain Region into one OASIS Web site. On this Web site, available transmission capacity for different point-to-point transmission segments gets posted for market participants to view and purchase electronically. RM, which markets transmission for Loveland Area Projects, Black Hills Power and Light and Powder River Energy Corp., Salt Lake City Area Integrated Projects and Basin Electric Power Cooperative, is the largest transmission provider on this OASIS. Besides saving about \$200,000 during the next three years due to lower maintenance costs and annual membership fees, Western will have reduced software and hardware requirements to process data and calculate real-time available transmission capacity.

Parker-Davis Project remarketing effort started

To extend resources to existing customers and make capacity and energy available to new customers, Western decided to apply the Energy Planning and Management Program's Power Marketing Initiative to the Parker-Davis Project. This decision became effective June 4, 2003. This decision means that for existing customers Western will extend 93 percent of the Parker-Davis resource for 20 years. The remaining 7 percent of resources will form a resource pool to be allocated to new customers. Western's firm electric service contracts with P-DP customers expire on Sept. 30, 2008.

Path 15 construction began

Construction of access roads and structure foundations got under way last fall after the three Path 15 Project Upgrade Project participants signed a Coordinated Operations and Interconnection Agreement on Aug. 11, 2003. Western serves as project manager. The agreement between Western, Pacific Gas and Electric Company and Trans-Elect governs the interconnection of the Path 15 project facilities with the existing transmission system. The Path 15 Upgrade includes building a third 500-kV transmission line and substation

modifications to reduce transmission constraints in central California.

Western's Administrator approved Western's Mitigation Action Plan in January 2003. In addition, the U.S. Fish and Wildlife Service issued a Biological Opinion for the project on June 10, which covers the transmission line corridor, access roads and the area around the substations for potential impacts on threatened or endangered plants and animals. Transmission line construction will be completed in late 2004.

Pick-Sloan Post-2005 Resource Pool final procedures published

Western published Federal Register notices and held public information forums in FY 2003 to help determine the appropriate purpose for the Pick-Sloan Post 2005 proposed resource pool. The power will come from a resource pool made up of power withdrawn from current firm power customers and will be available for delivery beginning in 2006.

Post-2004 operations alternatives announced

Western announced a public process on June 24, 2003 to discuss alternative operational scenarios for the Central Valley Project hydropower system beginning Jan. 1, 2005. To effectively implement the new Marketing Plan, Western's Sierra Nevada Region identified alternative operating scenarios since three contracts with PG&E expire on Dec. 31, 2004. The three contracts provide for integrated and interdependent operation of the Federal and PG&E transmission systems. Under existing arrangements, PG&E secures control area services from the California Independent System Operator.

Alternatives Western considered included joining the California Independent System Operator as a Participating Transmission Owner, participating in CAISO's control area as a nested sub control area under a Metered Sub System agreement and forming a new control area. Western received and evaluated comments from interested

stakeholders to prepare a decision document outlining a recommended course of action. Western's decision is to form a contract-based, sub-control area.

Post-2004 SN marketing plan ready to go

The existing Central Valley Project Power Marketing Plan and transmission contracts expire December 31, 2004. Western's transmission integration contract with PG&E also expires, creating a need to find an alternative. We are working with customers to identify the desired points of delivery under the new contract, which begins January 1, 2005. As part of the effort, Western is verifying that there is enough capacity on the Federal system to deliver the Base Resource to the delivery points.

Rate adjustments for LAP, Pick-Sloan implemented

Because of ongoing drought conditions in FY 2003, Western completed rate adjustments for the Pick-Sloan Missouri Basin Program—Eastern Division and the Loveland Area Projects. The preliminary Fiscal Year 2003 Power Repayment Study showed the need for a rate increase of about 2.2 mills per kilowatthour, mainly due to drought conditions that led to high purchase power costs. The rates went into effect on an interim basis on Feb. 1, 2004.

Sacramento Area Voltage Support Final EIS published

Western released the Final Environmental Impact Statement for the Sacramento Voltage Support in September. The SVS EIS outlines potential upgrades to its transmission system for a 100-mile radius around the Sacramento area to alleviate the current shortfall in the area's electric service. The proposed action is to build a 230-kV transmission line from O'Banion Substation near Marysville to Elverta Substation north of Sacramento and upgrade existing 230-kV lines from Elverta to Tracy Substation. The proposed action contains an alternative route in addition to the route described

in the Draft EIS to avoid encroaching on Pleasant Grove Cemetery and some residential areas north of Sacramento. The findings from the EIS will form a basis for decisions on whether to proceed and, if so, how to proceed with transmission system upgrades. Actual construction is contingent on funding.

Science Bowl support continued

Western employees volunteered as coordinators, moderators, timekeepers and scorekeepers at eight regional science bowl competitions and the Native American Science Bowl involving more than 140 high schools in February and March. Science Bowl teams throughout the United States match wits against their high school peers in subjects like chemistry, astronomy and earth sciences for a chance to compete in the national science bowl in Washington, D.C. , every spring. FY 2003 marked the 10th year that several of Western's regions have participated in this annual event.

Four Corners line upgrade a Western, tribal effort

Western teamed up with the Navajo Tribal Utility Authority, Tri-State Generation and Transmission Association, Inc., and Xcel Energy on the Shiprock-Four Corners 345-kV Line Uprate project in FY 2003. The project includes removing existing 230-kV approach spans and towers; placing reinforced concrete foundations; installing new Western-furnished 345-kV lattice steel structures; furnishing and installing overhead ground wire, insulator assemblies, and hardware; and stringing three two-conductor bundle conductors. The work is located on the Navajo Nation in San Juan County, N.M. The project was completed in Spring 2004.

Strategic Plan updated

Senior managers revised Western's Strategic Plan, reaffirming our mission, vision and direction. This fourth iteration of a strategic plan builds on the work done before. Western's mission—market-

ing and delivering reliable, cost-based hydroelectric power and related services—remains unchanged, as does Western's vision to be a premier power marketing and transmission organization. The Strategic Plan includes three main strategic goals: Products and Services, People, and Industry. One difference in the new plan is that it identifies subordinate goals that support our three strategic goals. These goals identify the key areas where we can make a difference in our business results. A second change is that measures were moved to the Annual Performance Plan, where they are linked to annual targets. The annual targets are tied back to the Strategic Plan's strategic and subordinate goals. The revised Strategic Plan was distributed to all employees in September.

Temporary Allocation Program began

Western instituted its Temporary Allocation Program on Aug. 1, 2003 for the Central Valley Project. Under the program, customers who cannot fully use their capacity and associated energy return a portion of it to Western for temporary reallocation to other customers. The returning customers receive a cost adjustment to offset their replacement power expense and reduce their exposure to the minimum capacity charge that applies to firm power contracts. The customers who receive the temporary allocations reduce their need for higher-cost supplemental power purchases. Because the receiving customers can more fully use the capacity and energy, Western receives increased revenues, benefiting all customers. Ten customers currently participate in the program, which will remain in effect until December 31, 2004, but Western may terminate it or return the energy to customers on a 60-day notice.

Virgil Fodness Substation dedicated

Western joined with East River Electric Cooperative in dedicating the Virgil Fodness Substation on June 5, 2003, at Tea, S.D. The new \$6 million substation, named after a previous president of East River and a 30-year board member,

will provide reliable power delivery to Western's customers. Fodness is the first major power-supply substation built by East River since the 1980s and is designed to meet the increasing demand for electricity in the growing area around Sioux Falls, S.D. The substation taps into Western's Fort Randall/Ramussen-to-Sioux Falls 230-kV transmission line and will serve customers in the Sioux Falls vicinity, including Brandon, Valley Springs and Lincoln and Minnehaha counties.

Wellton-Mohawk Generation Facility interconnection planned

Western published a Draft Environmental Impact Statement on the Wellton-Mohawk Generation Facility. The proposed project involves a natural gas-fired combined cycle electric generating facility that would interconnect with Western's transmission system at Ligurta Substation near Yuma, Ariz. Western is also negotiating the construction agreement and the interconnection to North Gila Substation. ▼